

114TH CONGRESS
1ST SESSION

H. R. 1866

To establish a grant program in the Bureau of Consumer Financial Protection to fund the establishment of centers of excellence to support research, development and planning, implementation, and evaluation of effective programs in financial literacy education for young people and families ages 8 through 24 years old, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 16, 2015

Mr. CARSON of Indiana (for himself, Mrs. BEATTY, Ms. BORDALLO, Ms. CHU of California, Mr. CLAY, Mr. CONYERS, Ms. EDWARDS, Mr. GUTIÉRREZ, Mr. HASTINGS, Mr. HINOJOSA, Mr. HONDA, Mr. JOHNSON of Georgia, Ms. KAPTUR, Mrs. LAWRENCE, Ms. LEE, Mr. TED LIEU of California, Mr. MEEKS, Ms. MOORE, Ms. NORTON, Mr. RANGEL, Mr. RICHMOND, and Mr. SCHIFF) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To establish a grant program in the Bureau of Consumer Financial Protection to fund the establishment of centers of excellence to support research, development and planning, implementation, and evaluation of effective programs in financial literacy education for young people and families ages 8 through 24 years old, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Young Americans Fi-

5 nancial Literacy Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds as follows:

8 (1) Since 2007, there has been a nearly 20-per-

9 cent drop in the number of 18-year-olds with bank

10 accounts, and in 2012, nearly one in three Ameri-

11 cans don’t pay their bills on time.

12 (2) Ninety percent of Americans believe all high

13 school students should be required to take a class in

14 financial education.

15 (3) Eighty percent of parents believe schools

16 are teaching money management and budgeting,

17 while over 70 percent of teachers are not teaching

18 financial literacy.

19 (4) According to a 2010 survey, only a few

20 States have adopted varying degrees of financial lit-

21 eracy curriculum, and only four States require high

22 school students to take a semester long course.

23 (5) Two in five U.S. adults gave themselves a

24 C, D or F on their knowledge of personal finance.

25 In 2011, 76 percent admitted they could benefit

1 from additional advice and answers to everyday fi-
2 nancial questions from a professional.

3 (6) Two in five adults indicated that they are
4 now saving less than they were one year ago.

5 (7) Most adults feel that their financial literacy
6 skills are inadequate, yet they do not rely on anyone
7 else to handle their finances; they feel it is impor-
8 tant to know more but have received no financial
9 education.

10 (8) It is necessary to respond immediately to
11 the pressing needs of individuals faced with the loss
12 of their financial stability, however increased atten-
13 tion must also be paid to financial literacy education
14 reform and long-term solutions to prevent future
15 personal financial disasters.

16 (9) There is an urgent need to respond to the
17 economic recovery with research-based financial lit-
18 eracy education programs to reach individuals at all
19 ages and socioeconomic levels, particularly those fac-
20 ing unique and challenging financial situations, such
21 as high school graduates entering the workforce,
22 soon-to-be and recent college graduates, young fami-
23 lies, and the unique needs of military personnel and
24 their families.

(11) Seventy-six percent of parents surveyed said their high school student does not have a budget.

(15) Ninety-three percent of teens surveyed in a 2012 report say they are not involved in paying household bills or managing the household budget. Forty-six percent admit to not knowing how to create a budget.

(17) According to the Government Accountability Office, giving Americans the information they need to make effective financial decisions can be key to their well-being and to the country's economic health. The recent financial crisis, when many borrowers failed to fully understand the risks associated with certain financial products, underscored the need to improve individuals' financial literacy and empower all Americans to make informed financial decisions. This is especially true for young people as they are earning their first paychecks, securing student aid, and establishing their financial independence. Therefore, focusing economic education and financial literacy efforts and best practices for young

1 people between the ages of 8–24 is of utmost impor-
2 tance.

SEC. 3. AUTHORIZATION FOR FUNDING THE ESTABLISHMENT OF CENTERS OF EXCELLENCE IN FINANCIAL LITERACY EDUCATION.

(a) IN GENERAL.—The Director of the Bureau of Consumer Financial Protection, in consultation with the Financial Literacy and Education Commission established under the Financial Literacy and Education Improvement Act, may make competitive grants to and enter into agreements with eligible institutions to establish centers of excellence to support research, development and planning, implementation, and evaluation of effective programs in financial literacy education for young people and families ages 8 through 24 years old.

16 (b) AUTHORIZED ACTIVITIES.—Activities authorized
17 to be funded by grants made under subsection (a) shall
18 include the following:

22 (A) based on a set of core competencies
23 and concepts established by the Director, in-
24 cluding goal setting, planning, budgeting, man-
25 aging money or transactions, tools and struc-

1 tures, behaviors, consequences, both long- and
2 short-term savings, managing debt and earn-
3 ings; and

4 (B) which can be incorporated into edu-
5 cational settings through existing academic con-
6 tent areas, including materials that appro-
7 priately serve various segments of at-risk popu-
8 lations, particularly minority and disadvantaged
9 individuals.

10 (2) Designing instructional materials using evi-
11 dence-based content for young families and con-
12 ducting related outreach activities to address unique
13 life situations and financial pitfalls, including bank-
14 ruptcy, foreclosure, credit card misuse, and pred-
15 atory lending.

16 (3) Developing and supporting the delivery of
17 professional development programs in financial lit-
18 eracy education to assure competence and account-
19 ability in the delivery system.

20 (4) Improving access to, and dissemination of,
21 financial literacy information for young people and
22 families.

23 (5) Reducing student loan default rates by de-
24 veloping programs to help individuals better under-

1 stand how to manage educational debt through sus-
2 tained educational programs for college students.

3 (6) Conducting ongoing research and evaluation
4 of financial literacy education programs to assure
5 learning of defined skills and knowledge, and reten-
6 tion of learning.

7 (7) Developing research-based assessment and
8 accountability of the appropriate applications of
9 learning over short and long terms to measure effec-
10 tiveness of authorized activities.

11 (c) PRIORITY FOR CERTAIN APPLICATIONS.—The
12 Director shall give a priority to applications that—

13 (1) provide clear definitions of “financial lit-
14 eracy” and “financially literate” to clarify edu-
15 cational outcomes;

16 (2) establish parameters for identifying the
17 types of programs that most effectively reach young
18 people and families in unique life situations and fi-
19 nancial pitfalls, including bankruptcy, foreclosure,
20 credit card misuse, and predatory lending;

21 (3) include content that is appropriate to age
22 and socioeconomic levels;

23 (4) develop programs based on educational
24 standards, definitions, and research;

1 (5) include individual goals of financial inde-
2 pendence and stability; and

3 (6) establish professional development and de-
4 livery systems using evidence-based practices.

5 (d) APPLICATION AND EVALUATION STANDARDS AND
6 PROCEDURES; DISTRIBUTION CRITERIA.—The Director
7 shall establish application and evaluation standards and
8 procedures, distribution criteria, and such other forms,
9 standards, definitions, and procedures as the Director de-
10 termines to be appropriate.

11 (e) LIMITATION ON GRANT AMOUNTS.—

12 (1) IN GENERAL.—The aggregate amount of
13 grants made under this section during any fiscal
14 year may not exceed \$55,000,000.

15 (2) TERMINATION.—No grants may be made
16 under this section after the end of fiscal year 2018.

17 (f) DEFINITIONS.—For purposes of this Act the fol-
18 lowing definitions shall apply:

19 (1) DIRECTOR.—The term “Director” means
20 the Director of the Bureau of Consumer Financial
21 Protection.

22 (2) ELIGIBLE INSTITUTION.—The term “eli-
23 gible institution” means a partnership of two or more
24 of the following:

25 (A) Institution of higher education.

1 (B) Local educational agency.

(C) A nonprofit agency, organization, or association.

4 (D) A financial institution.

